

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



January 24, 2018

Eric Beane
Secretary, Executive Office of Health and Human Services
3 West Road
Virks Building, Fourth Floor
Cranston, RI 02920

RE: RI-2017-08-18-EE-APD

Dear Mr. Beane,

The Centers for Medicare & Medicaid Services (CMS) remain committed to partnership with the State of Rhode Island toward effective governance of the RIBridges/Unified Health Infrastructure Project (UHIP) as well as stabilization/completion of the UHIP system itself. We previously approved the State's annual Implementation Advance Planning Document (APD) update describing Design, Development and Implementation (DDI) and Maintenance & Operations (M&O) activities for Federal Fiscal Year (FFY) 2018, along with Medicaid Federal Financial Participation (FFP) for the first quarter of FFY 2018. Funding was subsequently extended through January 2018 based on an as-needed update submitted by the State on November 30, 2017.

As noted in our previous correspondence, access to enhanced FFP for the remainder of FFY 2018 continues to depend on meaningful progress toward system stabilization, delivery of outstanding functionality, implementation of the target operating/governance model under development and further validation of specific costs/cost allocation methodologies described in the APD. Transparency and overall responsiveness also remain significant areas of interest for CMS, as the State continues to submit contract actions for last-minute approvals while CMS inquiries are only partially addressed or in some cases not addressed at all.

Despite those concerns, to avoid negative impacts on project momentum CMS is extending the previously approved FFY 2018 funding through March 31, 2018. CMS is also approving additional enhanced Medicaid FFP for DDI and M&O activities in the amount of \$6,084,142 effective the date of this letter (see details in Appendix A). This amount was determined by applying the cost allocation described in the November 2017 APD update to the budget supplied on January 12, 2018, although we note again our continuing reservations with certain elements of that allocation. Our approval is effective the date of this letter through March 31, 2018; this letter supersedes the prior FFY 2018 approvals issued on September 29, 2017, and December 29, 2017.

To ensure continued funding into the second half of FFY 2018, please submit a formal project update (with revised budgets for both the full year and the third/fourth quarters) no later than March 1, 2018. The state's submission should include the list of changes/fixes that the state believes are necessary to achieve a 'fully compliant' system and its latest plan for addressing the list; it should also reflect CMS's comments on the State's second quarter budget request (provided under separate cover) as well as include responses to other

outstanding CMS requests not previously addressed (summarized with the budget comments).

In addition to the expectations noted above, the state is reminded that a formal annual APD update outlining budget and implementation activities for FFY 2019 is due no later than July 31, 2018. CMS has 60 days to review and respond to a state's APD submission, and failure to timely submit an annual APD update may put the state at risk for not having FFP for future Federal fiscal years.

CMS also approves Amendment #3 to the state's agreement with KBMakers Inc. (Vendor 3505796), in accordance with Federal regulations at 45 CFR 95.611(b)(2)(iv). The amendment, which was received on January 5, 2018, extends the parties' relationship at a cost not to exceed \$300,000 over a 12-month period ending January 20, 2019. The amendment also shifts Ken Brindamour's role from direct project management to strategic consulting. This approval is effective as of the amendment's date of receipt. We look forward to our continued work together on your Medicaid Eligibility and Enrollment (E&E) modernization project. Copies of the above contract amendments once fully executed, along with the requested APD updates and any other E&E requests for proposals or contract actions, should be sent to CMS's dedicated E&E mailbox (MedicaidE&E_APD@cms.hhs.gov) with a cover letter addressed to the Director, Division of State Systems (DSS).

If you have any questions or concerns regarding this letter, please contact CDR Terry Lew, USPHS, at (206) 615-2336 or by e-mail at Terrence.Lew1@cms.hhs.gov.

Sincerely,

Martin H. Rice
Director, Division of State Systems
Data & Systems Group

Cc:

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Dawn Bartolomeo, USDA/FNS

Appendix A

Rhode Island Medicaid Detailed Budget Table

Covers Federal Fiscal Year (FFY) 2018 through March 31, 2018 (partial-year funding only)

Funding amounts described below are summarized by FFY; however funding is only approved to be used in accordance with the approval dates described in this letter

	Medicaid Share (90% FFP) DDI	State Share (10%)	Medicaid Share (75% FFP) DDI (COTS)	State Share (25%)	Medicaid Share (75% FFP) M&O	State Share (25%)	Medicaid Share (75% FFP) M&O E&E Staff	State Share (25%)	Medicaid ENHANCED FUNDING FFP Total	State Share Total	Medicaid ENHANCED FUNDING (TOTAL COMPUTABLE)
	28A & 28B†	--	28A & 28B†	--	28C & 28D†	--	28E & 28F†	--			
FFY 2018 (partial)	\$20,561,626	\$2,284,625	\$562,500	\$187,500	\$7,334,836	\$2,444,945	\$1,763,559	\$587,853	\$30,222,521	\$5,504,923	\$35,737,444

	Medicaid Share (50% FFP) M&O E&E Staff	State Share (50%)	Medicaid NOT ENHANCED FUNDING FFP Total	State Share Total	Medicaid NOT ENHANCED FUNDING (TOTAL COMPUTABLE)
	28G & 28H†	--			
FFY 2018 (partial)	\$0	\$0	\$0	\$0	\$0

	Medicaid ENHANCED FUNDING FFP Total	Medicaid NOT ENHANCED FUNDING FFP Total	TOTAL FFP	STATE SHARE TOTAL	APD TOTAL (TOTAL COMPUTABLE)
FFY 2018 (partial)	\$30,222,521	\$0	\$30,222,521	\$5,504,923	\$35,737,444

†MBES Line Item	
28A	E&E - Title 19 (Medicaid) DDI- In-house Activities
28B	E&E - Title 19 (Medicaid) DDI- Contractors
28C	E&E - Title 19 (Medicaid) Software/Services/Ops- In-house Activities
28D	E&E - Title 19 (Medicaid) Software/Services/Ops- Contractors
28E	E&E – Title 19 (Medicaid) Eligibility Staff- Cost of In-house Activities (staff who makes eligibility determinations)
28F	E&E – Title 19 (Medicaid) Eligibility Staff- Cost of Private Sector (staff who makes eligibility determinations)
28G	E&E – Title 19 (Medicaid) Eligibility Staff- Cost of In-house Activities (staff whose duties are related to eligibility, such as outreach, plan enrollment, etc.)
28H	E&E – Title 19 (Medicaid) Eligibility Staff- Cost of Private Sector (staff whose duties are related to eligibility, such as outreach, plan enrollment, etc.)

FFP rates for specific activities and costs can be found at 76 FR 21949, available at <https://federalregister.gov/a/2011-9340>

Appendix B

CMS approval of this APD is in accordance with Federal regulations at 42 CFR § 433, subpart C, “Mechanized Claims Processing and Information Retrieval Systems,” 45 CFR § 95, subpart F, “Automatic Data Processing Equipment and Services - Conditions for Federal Financial Participation,” and 42 CFR § 457.230, “FFP for State ADP expenditures.”

The amounts allocated per Federal fiscal year in Appendix A cannot be reallocated between Federal fiscal years, even within the period of this letter’s approval, without submission and approval of an APD Update. Only actual costs incurred are reimbursable.

Please refer to Federal regulations at 42 CFR § 433 for specific FFP rates for the variety of activities supporting proper matching rates. Specifically, please note that commercial off the shelf (COTS) licenses are matched at 75 percent FFP and training is matched at 50 percent FFP.

Also, states may claim 75 percent FFP for the costs of certain staff time spent on mechanized eligibility determination systems. Please note that continued access to the enhanced match for the staff positions as outlined in the State Medicaid Director Letter from March 31, 2016 on Medicaid.gov.

CMS will be monitoring progress of the state’s eligibility and enrollment modernization project using the Enterprise Life Cycle (ELC) model. This approach supports the high degree of interaction that will be required between Medicaid, and the Health Insurance Marketplace, and the use of a shared eligibility service among the programs. Based on the state’s project management plan, CMS will be working with the state to schedule the next Medicaid IT review.

As part of the ELC model, the state should submit to CMS monthly status reports as well as participate in regular monitoring calls. Monthly status reports should include, at a minimum, the status of the project as well as risks, issues, and planned mitigations.

As described in regulation at 45 CFR § 95.611, Requests for Proposals (RFPs) or contracts that the state procures with funding from the herein approved APD, must be approved by CMS prior to release of the RFP or prior to execution of the contract.